

tpgroup

Interim Results

Half-year ended 30 June 2018



/ Our Vision

To be the company that customers rely upon to solve their most testing challenges, to create solutions and to manage their most valued assets.

Where innovative thought...



...meets critical technology

/ Our mission

To provide services and equipment when critical systems are needed to assure public and industry security and well-being.

National security and energy supply are critical to a safe and prosperous society.

Defence

TP Group provides and supports critical systems and equipment for platforms across air, land, sea and subsea domains.



Intelligence & Communications

TP Group delivers critical systems and operational support to essential activities that gather intelligence, share it securely and act on it effectively.

Space

TP Group provides solutions and support for space missions that are essential to our understanding of the world and the communications links we need around it.



Energy

TP Group designs, builds and manages equipment packages that are essential to the reliable, safe and effective supply of energy resources world-wide.

/ TP Group at a glance

230 employees

75 years' heritage in energy and defence

2 Business Streams:

- Consulting & Programme Services
- Technology & Engineering

Multiple locations:

- 9 facilities in the UK
- Office in Washington D.C.
- Representatives in 5 countries

90,000 sq. feet of manufacturing space

Relevant industry certifications & approvals

Customers in 30 countries



/ Serving a Global Market



/ H1 2018 Financial & Operating Highlights

Converting growth to value

- Revenue up 52% and adjusted operating profit substantially up on prior year
- Increased gross margin and management of operating costs deliver improved operating margin percentage
- Cash managed carefully to retain balance to fund acquisitions.
- On target to hit full year numbers

* IFRS16 has been adopted from January 2018, and 2017 figures have been restated to reflect the impact of IFRS15.

Revenue*

£16.0m

H1 2017: £10.5m

Adjusted Operating Profit*

£0.9m

H1 2017: £0.1m

Adjusted Operating Margin*

6%

H1 2017: 1%

Cash and bank balances

£21.0m

31 December 2017: £21.9m

/ H1 2018 Financial & Operating Highlights

Delivering the growth strategy

- Order intake reflects a strong position in our key markets and well ahead of revenue conversion (184% book-to-burn ratio)
- Strong growth in order book sets the business up very well for H2 2018 and FY 2019

* 2017 figures have been restated to reflect the impact of IFRS15

Order Intake
£29.5m

↑8%



Order Book
£56.5m

↑31%



Technology & Engineering

Consulting &
Programme Services

/ Programmes – current and future

- Submarines build & support
 - UK, France, Germany, SE Asia
- Surface naval
 - Royal Navy operational support
- Mission systems
 - Submarines, helicopters
- Space systems
 - UK defence
- Secure communications
 - British Army
- Downstream refineries
 - UK, Arabian Gulf
- Nuclear
 - Power systems
- Future submarines
 - Australia, Germany, SE Asia
- Royal Navy frigate systems
 - Type 31 & Type 26
- Artificial Intelligence
 - UK maritime applications
 - Intelligence processing
 - Unmanned vehicles
- Datalinks
 - NATO, Europe and USA
- Refinery operations
 - Abu Dhabi, Oman
- Nuclear
 - UK decommissioning

/ Investing in Strategy

Management

Experienced hires:

- Corporate Development
- Key Account Management
- Compliance Management

Skills development

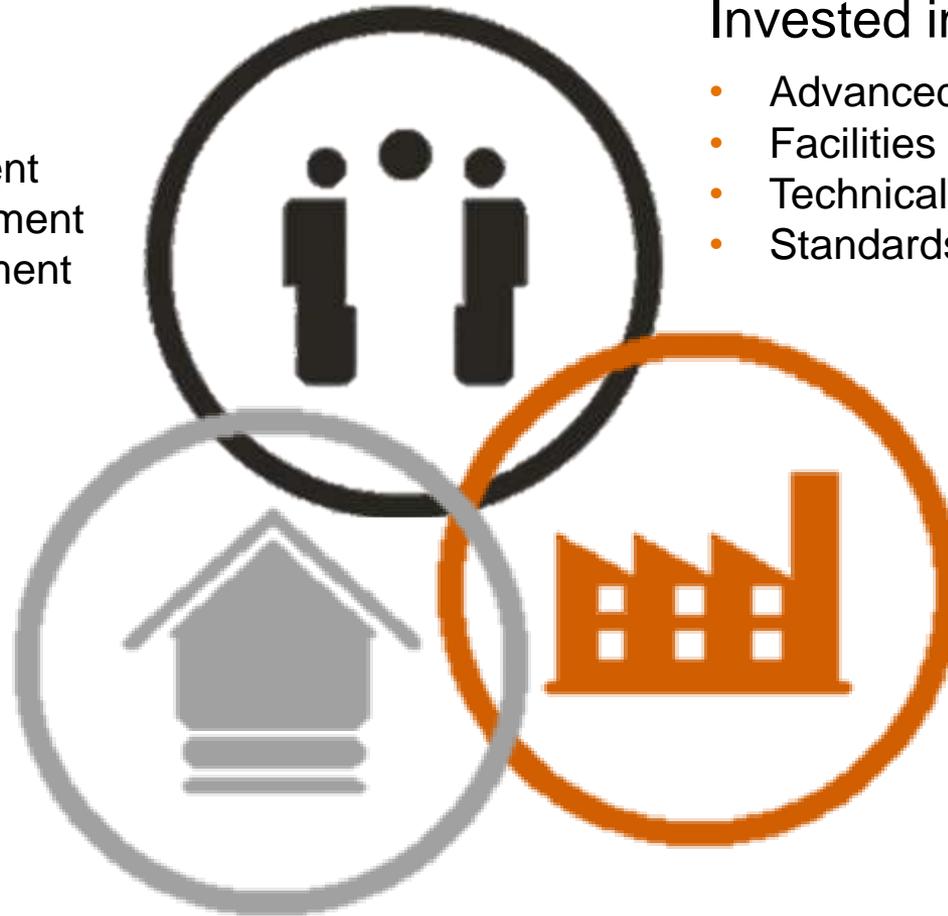
Key Accounts

- BAE Systems
- Naval Group
- Petrolneos
- MoD
- TKMS
- GE

Capability

Invested in:

- Advanced manufacturing
- Facilities refurbishment
- Technical training
- Standards compliance



/ Strategic Developments



Packaged equipment

Added-value in Engineering:

- Integrated design / build / support
- Adding control systems and ancillaries

Maritime applications in:

- New CO₂ management systems
- Chilled water on surface ships

Energy applications in:

- Process management systems
- Hydrogen fuel systems



Precision components

Investment in Manchester facility

First components delivered to customers in July

Large, highly accurate components and fittings in lightweight materials:

- New customers introduced to TP Group
- New skills added to the team and new practices implemented
- Capacity utilised alongside traditional Manchester project schedules



Enterprise Technical Alliance

A new contracting vehicle, founded and operated by TP Group

Allows SMEs to work on major programmes under our umbrella

Endorsed by many tier-1 primes:

- Trusting TP Group to deliver capability and value
- Adds specialist capabilities to their offer
- Uses proven sourcing and management methods

/ Execution of Strategy

Geographic expansion through partnerships and customers

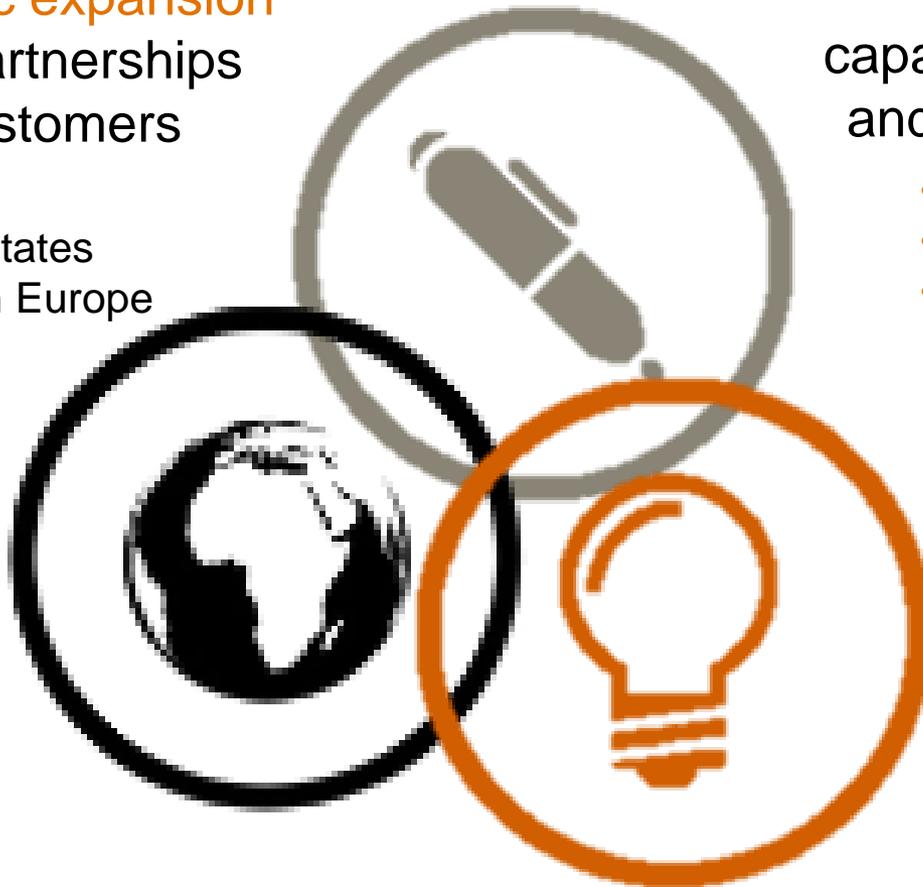
- NATO
- United States
- Northern Europe
- SE Asia

Adding new capability, customers and market access

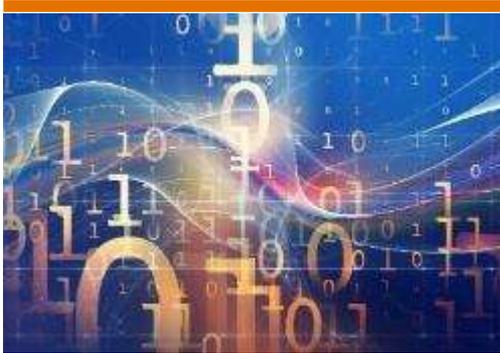
- Consulting
- Rugged equipment
- Space

Innovating propositions and services

- Artificial Intelligence
- Unmanned systems
- Environmental systems



/ Innovations and Initiatives



Artificial Intelligence

Part of the Polaris acquisition
(December 2017)

Advanced algorithms and working
with “big data”

Unmanned vessel route planning and
optimisation, applications in:

- Mine countermeasures
- Offshore energy maintenance

Intelligent information handling in:

- Intelligence analysis
- Jet engine incident management



Trans-Atlantic partnership

Defence and security technologies
and services

Ramped up existing relationships
and forged new links

Announced technical and
commercial partnership with
Micropore Inc.



Datalinks

New system engineering methods
to upgrade communications links
for closer co-operation between
multi-national forces at sea during
missions

- New work in Sweden and with NATO
- Positions TP Group as the “glue” for common communications
- Links space, aviation, surface and sub-surface assets

/ Conclusions and Outlook

We have again demonstrated we are well advanced on our journey to fulfil our vision and mission.

We have Artificial Intelligence technologies that have opened new markets in intelligence processing and unmanned systems for military and civil use.

We have invested in strategic relationships in the United States now yielding market opportunities with returns expected to commence in 2019.

We are in advanced discussions with companies that will add exciting opportunities with:

- new global customers, like NATO, Lockheed Martin and General Dynamics
- innovative products and services in rugged equipment, space operations and software
- stronger outreach into America, Europe and the Middle East.